

MARYLAND DEPARTMENT OF THE ENVIRONMENT

Water Management Administration • Minerals, Oil & Gas Division
1800 Washington Blvd. • Baltimore Maryland 21230
(410) 537-3557 • 1-800-633-6101 • <http://www.mde.state.md.us>

Bond No. _____

GAS AND OIL DRILLING AND OPERATING BLANKET SURETY BOND

KNOW ALL MEN BY THESE PRESENTS, THAT THE UNDERSIGNED

_____,
(Name of Corporation – Permittee)

_____,
(Street Address) (City) (State) (Zip)

a corporation organized and existing under the laws of the State of _____,
as Principal, and _____

(Name and Address of Surety Company)

organized and existing under the laws of the State of _____ and
licensed to do business in the State of Maryland, as Surety, are held and firmly bound
unto the State of Maryland in the sum of _____ (\$ _____)
for the payment of which sum we hereby jointly and severally bind ourselves, our
successors, and assigns.

THE CONDITION OF THE ABOVE OBLIGATION is such, that:

Whereas the above name Principal has submitted this Blanket Bond No.
_____, encompassing all of the gas and oil permits issued to it by the
Department of the Environment and listed on Exhibit A attached hereto, which is hereby
incorporated by reference; and



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Whereas, the Principal has chosen to file this blanket penal bond as provided by the Environment Article 14-111(a)(5) of the Annotated Code of Maryland as a guarantee that the drilling, operation and reclamation associated with each and every permit identified in Exhibit A will be

conducted in a conditioned upon compliance with Title 14, its attendant regulations, as amended from time to time, the orders of the Department and in accordance with the plans as specified in the respective permits;

Whereas, the Surety, and their successors and assigns agree to guarantee the obligation and to indemnify, defend, and hold harmless the Maryland Department of the Environment from any and all losses and expenses which the State may sustain as a result of the Principal's failure to comply with any condition of its obligation under Title 14, the regulations, order, permit and plans on any of the permits identified in Exhibit A; and

Whereas obligations guarantee by this penal bond shall be in effect for all of the permitted areas of the wells identified in Exhibit A; and

Now, if the Principal faithfully completes all of the drilling, reclamation and abatement requirements for each of the permits listed in Exhibit A, then this obligation shall be void; otherwise, it shall remain in full force and effect until:

- (a) All reclamation, restoration, and abatement work on each of the permits as shown on Exhibit A has been completed pursuant to Maryland Annotated Code, the Environment Article, Title 14 and its attendant regulations, and to the satisfaction of the Water Management Administration.
- (b) Until the ownership of all of the wells listed in Exhibit A have been changed and all permits transferred, with Departmental approval pursuant to COMAR 26.19.01.14.

The failure of the Principal to fulfill any of the obligations specified under the Annotated Code of Maryland and the attendant regulations and permits shall result in forfeiture upon demand of the entire amount of this penal bond according to the procedures described in COMAR 26.19.01.14.

The Surety shall not cancel this bond at any time for any reason, including nonpayment of the premium or bankruptcy of the Principal, during the prior of liability, except as provided in 26.19.01.14B.



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The Surety will give prompt notice to the Principal and to the Water Management Administration of any notice received or action filed alleging the insolvency or bankruptcy of the surety, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

In the event the Surety becomes unable to fulfill its obligations under the bond for any reason, notice shall be given immediately to the Principal and to the Water Management Administration.

Upon the incapacity of the Surety by reason of bankruptcy, insolvency, suspension or revocation of its license, the Principal shall be deemed to be without bond coverage.

IN WITNESS THEREOF, the Principal and Surety have hereunto set their signatures and seals as of the dates set forth below.

Date

(Corporation/Permittee)

By: _____
(Corporate Officer)

Title: _____

Date

(Corporation/Permittee)

By: _____
(Corporate Officer)

Title: _____

NOTE: Where one signs by virtue of Power of Attorney for a Surety Company such Power of Attorney must be filed with this bond.



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ACKNOWLEDGEMENT OF CORPORATION – PERMITTEE

On this _____ day of _____, 20____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she is _____ of _____, the corporation name in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said corporation, and that said instruction was signed, sealed, and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

Notary Public in and for said
County and State

My Commission Expires: _____



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ACKNOWLEDGEMENT OF SURETY

On this _____ day of _____, 20____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she is _____ of _____, the corporation name in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said corporation, and that said instruction was signed, sealed, and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

Notary Public in and for said
County and State

My Commission Expires: _____

NOTE: Please identify the agent acting on behalf of the Surety, if applicable.

AGENCY _____ PHONE _____

ADDRESS _____



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Approved as to form and legal sufficiency this _____ day of _____,
20____.

Office of the Attorney General, State of Maryland

